

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 STR-07 ITC-01
SP-02 ICA-11 AID-05 EB-08 NSC-05 TRSE-00 SS-15
OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-10
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R 270822Z JUN 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 9131
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
USMISSION GENEVA
AMCONSUL HONG KONG
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TAIPEI
AMEMBASSY THE HAGUE
USLO PEKING

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USMTN
PARIS ALSO FOR USOECD
BRUSSELS ALSO FOR USEC
DEPT ALSO PASS STR ELECTRONICALLY

E.O. 11652: NA
TAGS: EAIR, EEC, ETRD, MTN, OECD, CH, JA, TW
SUBJECT: DENMAN VISIT TO TOKYO FOR GOJ-EC CONSULTATIONS
JUNE 22-23.
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SUMMARY: EC DIRECTOR GENERAL DENHAM BRIEFED E/CMIN ON
GOJ-EC CONSULTATIONS HELD HERE JUNE 22-23. HE HAD
RESERVATIONS, HE SAID, ABOUT JAPAN'S ABILITY TO ACHIEVE
7 PERCENT GROWTH TARGET OR ADOPT A SUPPLEMENTAL BUDGET.
HE CALLED GOJ MTN OFFERS DISAPPOINTING AND SUGGESTED
THAT EC MIGHT WITHDRAW SOME OFFERS AS A RESULT.

DENMAN ALSO ASKED GOJ TO SHARE INFORMATION ON TRADE WITH PRC BEFORE HAFERKAMP LEADS TRADE DELEGATION TO CHINA IN SEPTEMBER. END SUMMARY.

1. SIR ROY DENMAN, EC COMMISSION DIRECTOR GENERAL FOR EXTERNAL RELATIONS, TOLD E/CMIN, JUNE 23, HIS CONSULTATIONS WITH GOJ OFFICIALS HAD GONE AS WELL AS COULD BE EXPECTED. HE WAS NOT WILLING TO MAKE A DEFINITIVE JUDGMENT ABOUT WHETHER 7 PERCENT GROWTH TARGET WOULD BE ACHIEVED, BUT FELT FURTHER STIMULATIVE MEASURES WERE NECESSARY. HE SAID HE FEARED DOMESTIC POLITICAL PROBLEMS MIGHT MAKE IT DIFFICULT FOR FUKUDA TO CONVENE A SPECIAL DIET SESSION TO APPROVE A SUPPLEMENTAL BUDGET. DENMAN ALSO SAID HE FELT IT WAS TOO EARLY TO ESTIMATE THIS YEAR'S CURRENT ACCOUNT SURPLUS. NOTING BRITISH J-CURVE EXPERIENCE, HE SAID A TURN-AROUND IS NOT LIKELY BEFORE AUTUMN.

2. DENMAN KEPT OPEN THE POSSIBILITY THAT THE EC WOULD WITHDRAW SOME OF ITS OFFERS IF JAPAN DID NOT IMPROVE ITS OFFERS. GOJ REPLIED THAT JAPAN'S OFFERED TARIFF LEVELS WERE COMPARABLE TO THOSE OF THE EC AND THE U.S. IMPLEMENTED OVER 8 YEARS. THE EC ALSO REPEATED PREVIOUS REQUESTS FOR JAPAN TO REMOVE TARIFF BARRIERS ON EC DAIRY PRODUCTS AND CONFECTIONS, AND TO PURCHASE EUROPEAN AIRCRAFT, BUT THE GOJ REMAINED NON-COMMITTAL. LIMITED OFFICIAL USE

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T. WATANABE, MOFA DEPUTY DIRECTOR, EC DIVISION, TOLD EMBOFF THAT DENMAN TERMED JAPAN'S TARIFF CUT OFFERS IN GENEVA "DISAPPOINTING," AND NOTED THAT "THERE WAS A SUBSTANTIAL IMBALANCE BETWEEN JAPAN'S OFFER AND THE TOTALITY OF THE COMMUNITY OFFER."

3. DENMAN ALSO EXPRESSED INTEREST IN JAPAN'S TRADE RELATIONSHIPS WITH CHINA (PRC), WATANABE SAID. HE TOLD GOJ THAT WILHELM HAFERKAMP, VP OF EC COMMISSION, WOULD BE LEADING A TRADE MISSION TO PRC IN SEPTEMBER COMPOSED OF EC OFFICIALS AND BUSINESSMEN. HE WANTED TO KNOW HOW JAPAN HAD HANDLED TRADE PROBLEMS WITH PRC, WHO VARIOUS CONTACTS WERE, AND THE BEST WAYS OF APPROACHING THEM. GOJ AGREED TO ASSIST AND DENMAN SAID THAT THE EC WOULD REVIEW THESE QUESTIONS WITH THE GOJ BETWEEN NOW AND SEPTEMBER.

4. DENMAN CAME TO JAPAN FOR REGULARLY SCHEDULED BILATERAL JAPAN-EC CONSULTATIONS. THE NEXT MEETING IS PLANNED FOR OCTOBER. DURING THESE DISCUSSIONS, THE GOJ POINTED OUT THAT JAPAN'S IMPORTS FROM THE EC INCREASED 34 PERCENT IN THE FIRST 5 MONTHS OF 1978

COMPARED TO THE SAME PERIOD LAST YEAR. EXPORTS ROSE 19.6 PERCENT. DENMAN CALLED THESE FIGURES ENCOURAGING, BUT NOT YET INDICATIVE OF A TREND. GOJ OFFICIALS SAID OVERALL EXPORTS ARE EXPECTED TO BE ABOUT THE SAME AS JFY 1977.

5. COMMENT: DENMAN'S PURPOSE WAS TO KEEP CHANNELS OF COMMUNICATIONS OPEN AT HIGH LEVELS BETWEEN JAPAN AND THE EC. MOST DISCUSSIONS WERE GENERAL AND NO ATTEMPT WAS MADE TO NEGOTIATE SPECIFIC BILATERAL ISSUES. FOREIGN EXCHANGE PROBLEMS WERE NOT DISCUSSED.
MANSFIELD

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